



KANSAS LEGISLATIVE INSIGHTS NEWSLETTER | APRIL 20, 2018

THE HALCYON WEEK

The Legislature has been adjourned since last Friday, so the statehouse has been unusually quiet and peaceful this week. But the hubbub will be back next Thursday when legislators return for the “veto” session which is scheduled to last until May 4. This means they have fewer than 10 days to complete their work, even if they hold Saturday and Sunday sessions. Still to be dealt with are numerous conference committee reports and the state budget for the remainder of this fiscal year and for FY 2019.

Another issue that must be addressed is the restoration of \$80 million inadvertently left out of the school finance plan signed by Governor Colyer this week. The need for this remedial legislation could rekindle the debate between supporters of the \$525 million in increased funding and those who argue that the act contains more money than the state can afford. This, in turn, could slow or block consideration of other major issues.

One more key to bringing the veto session to a successful close will be disclosed late this afternoon when the Consensus Revenue Estimating Group (CREG) announces their estimates for state tax revenues over the next 18 months. The final budget bill for the remainder of this fiscal year and all of FY 2019 has to be built on these estimates.

There appears to be optimism among statehouse veterans that the estimates will be high enough to handle the sizeable increase in K-12 education funding (\$525 million over five years) and avoid further budget cuts in other areas of state government, such as social programs, higher education, and transportation. It is important to remember, however, that these are estimates that CREG is putting forth, and a downturn in the Kansas economy in the coming months could necessitate substantial budget cuts.

BILL SUMMARIES

Listed below are selected bills which the Governor signed during the past several days. Additional information on these bills can be accessed by clicking on the bill number.

BUSINESS AND ECONOMIC DEVELOPMENT

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HB 2482 – Prohibits the state from entering into contracts exceeding \$100,000 with a company (as defined) unless the company submits a written certification that the company is not involved in a boycott of Israel. ***(Signed by the Governor and becomes effective on July 1, 2018)***

ENERGY AND NATURAL RESOURCES

SB 194 – Grants the boards of groundwater management districts the right to increase the maximum water withdrawal charge from \$1.50 for each acre-foot to \$2.00 for each acre foot. Eliminates the authority of boards to assess higher annual water withdrawal charges in certain circumstances. ***(Signed by the Governor and becomes effective on July 1, 2018)***

FINANCIAL SERVICES

HB 2580 - Prohibits a consumer reporting agency from charging a fee “for placing, temporarily lifting or removing each security freeze.” ***(Signed by the Governor and becomes effective on July 1, 2018)***

HEALTH CARE

SB 351 – Introduced by the Senate Committee on Public Health and Welfare at the request of the Kansas Pharmacists Association (KPhA). The KPhA supported the bill arguing it provides protections for patients related to the cost of medications, medication alternatives, and choice of pharmacy provider; eliminates practices that impede cost transparency and restrict the patient’s choice of provider; and allows pharmacists to have the ability to discuss lower cost medication alternatives with their patients. Opponents, generally pharmacy benefit providers (PBMs), argued the bill interferes with the contractual relationship between PBMs and pharmacies and unnecessarily expands oversight by the Kansas Insurance Department to include civil fines. They also expressed concern with language related to mail pharmacy services. The Senate Committee amended the bill to address certain concerns expressed by PBMs and the Senate Committee of the Whole amended the bill to exempt supplemental insurance policies from coverage under the Act. The bill, as amended, would create the Kansas Pharmacy Patients Fair Practices Act (Act). A pharmacy or pharmacist would have the right to provide a covered person with information regarding the amount of the covered person’s cost share for a prescription drug. Further, the bill would specify neither a pharmacy nor a pharmacist would be proscribed by a PBM from discussing any such information or selling a more affordable alternative to the covered person, if such alternative is available. ***(Signed by the Governor and becomes effective on July 1, 2018)***

HB 2232 – Originally introduced during the 2017 Legislature. Now as amended, the bill would allow a resident of an adult care home, or a resident’s guardian or legal representative, to conduct authorized electronic monitoring (monitoring) in the resident’s room subject to requirements set out in the bill. The bill would define applicable terms and establish guidelines for monitoring. Authorized electronic monitoring means the placement of one or more electronic monitoring devices in the room of an adult care home resident and making recordings with such devices after notifying the adult care home of the resident’s intent to conduct electronic monitoring. ***(Signed by the Governor and becomes effective upon publication in the Kansas Register later this month)***

INSURANCE

SB 410 – Would create the Captive Insurance Act (Act) under the Insurance Code by amending existing law related to captive insurance companies. This bill, as amended, represents major and needed modernization of Kansas insurance law. A captive is an insurance company created and wholly owned by one or more non-insurance companies and designed to insure the risks of its owner or owners. The bill would create two new captive insurance types - branch captive insurance companies and special purpose insurance captives and would specify the regulatory structure for each. ***(Signed by the Governor and becomes effective on July 1, 2018)***

STATE GOVERNMENT

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SB 394 – Extends the lobbying requirements currently applying only to the legislative branch of state government to the executive and judicial branches also. Specifies circumstances when the lobbying requirements would not apply to executive or judicial situations. Retains gift limitations by lobbyists and increases meal limitations for executive branch employees. (***Signed by the Governor and becomes effective on July 1, 2018***)

HB 2597 – Designates Sedgwick County as an urban county, thus allowing legislation to be enacted that applies exclusively to that county. Restructures the powers of the election commissioners in the four urban counties and shifts the budgeting process to the county commissioners in those counties. Also exempts non-profit cemetery corporations in urban counties from certain maintenance requirements (***Signed by the Governor and becomes effective upon publication in the Kansas Register this month***)

WORKERS COMPENSATION

Senate Sub for HB 2184 – Increases the benefits on a workplace death and on burial expenses. Also alters the amounts that can be received by children of the deceased. Also allows heirs to receive a lump sum payment, but that payment could be impacted by life insurance policies owned by the deceased. (***Signed by the Governor and becomes effective on July 1, 2018***)

Kansas Legislative Insights is a publication developed by the Governmental Relations & Public Policy Law practice group of Foulston Siefkin LLP. It is designed to inform business executives, human resources and governmental relations professionals, and general counsel about current developments occurring in current Kansas legislation. Published regularly during the Kansas legislative session, it focuses on issues involving health care, insurance, public finance, taxation, financial institutions, business & economic development, energy, real estate & construction, environmental, agribusiness, employment, and workers compensation. Bill summaries are by necessity brief, however, for additional information on any issue before the Kansas Legislature, contact Foulston Siefkin's Governmental Relations & Public Policy Law practice group leader, James P. Rankin at 785.233.3600 or jrankin@foulston.com.

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